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FM AMEMBASSY PANAMA
TO RUEHC/SECSTATE WASHDC PRIORITY 0372
INFO RUEHGG/UN SECURITY COUNCIL COLLECTIVE PRIORITY
RUEHZA/WHA CENTRAL AMERICAN COLLECTIVE PRIORITY
RUEHBO/AMEMBASSY BOGOTA PRIORITY 2579
RUEHBR/AMEMBASSY BRASILIA PRIORITY 0327
RUEHCV/AMEMBASSY CARACAS PRIORITY 1127
RUEHPE/AMEMBASSY LIMA PRIORITY 0689
RUEHMO/AMEMBASSY MOSCOW PRIORITY 0061
RUEHGP/AMEMBASSY SINGAPORE PRIORITY 0013
RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY
RUEAUSA/DEPT OF HHS WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
RHMFISS/CDR USSOUTHCOM MIAMI FL PRIORITY
RHMFISS/DEPT OF ENERGY WASHINGTON DC PRIORITY
RHMFISS/Joint STAFF WASHINGTON DC PRIORITY
RUEKJCS/OSD WASHDC PRIORITY
RUCNDT/USMISSION USUN NEW YORK PRIORITY 0273

C O N F I D E N T I A L PANAMA 000787

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DEPT FOR WHA/CEN - TELLO
ALSO FOR WHA/EPSC - SALAZAR AND MARTILOTTA
ALSO FOR EB/TPP/BTA - LAMPRON
STATE PASS USTR FOR SCHWAB, VERONEAU, EISSENSTAT, AND MALITO
USDOC/MAC FOR GAISFORD

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TAGS: [ETRD](#) [ECON](#) [PREL](#) [PGOV](#) [ENRG](#) [UNSC](#) [OAS](#) [PM](#)
SUBJECT: NEGROPONTE AND TORRIJOS DISCUSS TPA, BIOFUELS,
UNSC, AND OAS

Classified By: Ambassador William A. Eaton - Reasons 1.4(b and d)

11. (C) Summary. In a May 11 call on Panamanian President Martin Torrijos, Deputy Secretary of State John D. Negroponte and President Torrijos discussed the commercial and strategic importance of pending free trade agreements with Colombia, Peru, and Panama. They also discussed the potential of biofuels in promoting energy independence and creating jobs. The Deputy Secretary praised the GOP for its cooperation with the U.S. on counternarcotics and at the UN Security Council (UNSC) and for its successful redevelopment of former U.S. military installations in Panama. Torrijos and Negroponte looked ahead to the June 3-5 Organization of American States General Assembly (OASGA) in Panama, with questions about the possible participation (and intentions) of Venezuelan President Hugo Chavez. End summary

GOP Agrees on Strategic Importance of FTAs

12. (C) In a May 11 Presidential Palace meeting, the Deputy Secretary and President Torrijos concurred that free trade agreements are commercially, as well as strategically, vital for the region. The Deputy Secretary said that ratification of the Colombia, Peru, and Panama deals would be a big advance toward creating a bloc in the hemisphere of countries committed to democracy and open markets. He stressed that failure to deliver on these agreements would be perilous for the region and, in particular, for Colombia. Torrijos agreed and said that Panama would push hard for U.S. ratification of its own bilateral Trade Promotion Agreement (TPA), as well as the other deals still pending before Congress, precisely because of their strategic importance. He said that the GOP

had developed "good working relationships" with Congressional Democrats, as well as with the AFL-CIO, and that he had counseled Colombian President Alvaro Uribe to do likewise. The Deputy Secretary said that Uribe was "a hope for democracy" in Colombia and that failure to ratify the U.S.-Colombia FTA would be "a severe blow."

13. (SBU) Torrijos hailed as "good news" the May 10 announcement by Democratic Congressional leaders and USTR on the outlines of a way forward on trade, labor, and environmental issues. Neither he nor Trade Minister Alejandro Ferrer foresaw much difficulty in Panama's ability to accommodate the labor and environment provisions set forth in the May 10 package. Ferrer stressed the GOP's hope that the U.S. International Trade Commission (ITC) would finish its report on the TPA's impact well ahead of its scheduled September 12 completion date. First Vice President/Foreign Minister Samuel Lewis Navarro said that he would visit Washington early the week of May 14 with a group of about ten Panamanian and American business leaders to lobby for the TPA. He hoped to meet with, among others, House Ways and Means Chairman Charles Rangel.

Biofuels Offer Promise for Energy Independence & Jobs

14. (SBU) The Deputy Secretary asked Torrijos about biofuels in Panama. Torrijos said the GOP hoped the TPA, together with the development of biofuels, might spur much-needed jobs growth in Panama's sugar industry. Lewis added that the GOP saw biofuels as potentially significant, both in terms of energy independence and in offering "big opportunities" for Panama's impoverished rural areas. The Deputy Secretary agreed, recalling his prior service in Honduras, where he saw how important the sugar industry was to creating rural jobs.

15. (C) Noting President Bush's mention of an emerging U.S.-Brazil biofuels deal during the Torrijos-Bush Oval Office meeting earlier this year, Lewis said that Torrijos planned to visit Brasilia in late May with the hope of signing an offshoot bilateral deal with Brazil on biofuels development. Assistant Secretary Shannon noted that, as neither the U.S. nor Brazil could meet domestic demand for biofuels, Central American countries could play a significant role as suppliers.

UNSC's Kosovo Issue; Singapore-Panama Ties

16. (C) The Deputy Secretary thanked Torrijos for the GOP's "good cooperation" on international security, including counternarcotics and law enforcement, and as a fellow UNSC member. Torrijos chuckled at how Panama's emergence as the region's consensus pick for the UNSC late last year came as "a big surprise." He noted that he took a May 10 call on Kosovo issues from UN Secretary General Ban Ki-moon. Lewis added that the key on Kosovo would be to discourage Russia from exercising its veto and, after his recent visit to Moscow, he saw "space for Russia to hold back" on its veto.

17. (C) Torrijos beamed when the Deputy Secretary mentioned Panama's "good redevelopment" of former U.S. military installations. He cited the conversion of SOUTHCOM's old Headquarters into a node for R&D activities and UN agencies (i.e., the "City of Knowledge" complex). Torrijos also said that the GOP recently awarded a \$400 million, eight-year deal to a British firm (London & Regional) for the master planning and redevelopment of the former Howard Air Force Base site. Ferrer added that a Singaporean firm had already set up an aircraft maintenance and repair operation at Howard that would receive its first aircraft in May. The Deputy Secretary suggested that a Singapore-Panama connection offers Panama an important "window to Asia." Torrijos agreed and recounted growing Singapore-Panama ties, including a recent visit by Singapore's Prime Minister and growing bilateral cooperation on ports, energy, and telecommunications.

